

# U.S. Coast Guard Readiness Will Help to Deter China and Other Threats: Congress Should Fund Select Items on Unfunded Priority List

*James Di Pane*

## KEY TAKEAWAYS

The U.S. Coast Guard must improve its readiness, as the service plays an important role in deterring global threats, especially an aggressive China.

The Coast Guard needs investment in its cutter fleet and shore infrastructure to keep pace with its growing mission demands in this era of great-power competition.

Congress should make a point to prioritize the \$918.3 million worth of items related to cutter acquisition and shore infrastructure improvements for FY 2024.

The U.S. Coast Guard submitted its Unfunded Priorities List on March 13, 2023, in conjunction with its \$13.45 billion budget request, to inform Congress where gaps exist that the President's budget request did not cover.<sup>1</sup> Section 5108 of Title 14 of the United States Code directs this annual submission of a list of priorities that are approved but unfunded.

The list of unfunded items adds up to \$1.57 billion.<sup>2</sup> It includes requests for aircraft, cutters, and facility investments.<sup>3</sup> Congress should consider all items on the list, such as \$130 million for an upgraded training facility that would help with fitness and retention and \$113 million for four additional MH-60T helicopters that would help to transition the helicopter fleet away from the current MH-65s, which have reached the end of their service lives and lack the speed and range of the MH-60Ts.<sup>4</sup>

This paper, in its entirety, can be found at <https://report.heritage.org/ib5314>

The Heritage Foundation | 214 Massachusetts Avenue, NE | Washington, DC 20002 | (202) 546-4400 | [heritage.org](https://heritage.org)

Nothing written here is to be construed as necessarily reflecting the views of The Heritage Foundation or as an attempt to aid or hinder the passage of any bill before Congress.

However, there are two areas that Congress should prioritize over others to help the Coast Guard to operate more effectively: cutter acquisition and shore infrastructure. Congress should prioritize funding for \$913.3 million out of the \$1.57 billion list related to the acquisition of additional cutters and improvements to shore infrastructure. This investment can at least be partially offset in the federal budget by implementing the recommendations found in Heritage’s annual Budget Blueprint, as well as making cuts to the broader Department of Homeland Security (DHS) budget. For example, the Office of Intelligence and Analysis and the Office of the Immigration Detention Ombudsman could be cut.<sup>5</sup> These offices add layers of unnecessary bureaucracy, do not work as intended, and are often used for political purposes.

Unlike the other military services, the Coast Guard is a part of the DHS, not the Department of Defense, and its congressional oversight is managed by the Homeland Security and Transportation & Infrastructure Committees. For years, the Coast Guard has struggled with recapitalizing its fleet and reaching the capacity to accomplish its missions, and with modernizing its shore infrastructure, as the budgets of the past have not allowed the type of consistent investment needed to make up for construction backlogs and to build enough cutters.

The Coast Guard is an important tool for American national security, and its responsibilities have grown recently as great-power competition increases demand for its presence. Its versatile capabilities—it operates as a military service, as law enforcement, and as a regulatory agency—make it an excellent tool for supporting U.S. maritime interests and supporting the rules-based order at sea. However, the Coast Guard does not have the number of cutters necessary to maintain an increased presence throughout the world while covering its missions close to home. While the Coast Guard’s fleet requirements remain opaque because it has not updated its acquisition Program of Record since 2004, it is abundantly clear from multiple fleet-mix analyses that the current and planned fleet of cutters is insufficient to meet current mission demands. A 2011 study indicated that the planned fleet would only cover 61 percent of the service’s missions, and requirements have grown since then.<sup>6</sup> It is clear that the service needs more ships to maintain presence in the key areas in which it operates, especially in the Indo–Pacific region.

Investing in Coast Guard shore infrastructure is important for readiness and workforce retention. As Commandant Admiral Linda Fagan mentioned in her recent testimony, “Every Coast Guard mission begins and ends at a shore facility.”<sup>7</sup> However, investment in Coast Guard shore infrastructure has been an issue for years, as its facilities are burdened with maintenance backlogs and delayed construction projects. In her State of the Coast Guard address on March 7, 2023, Admiral Fagan said:

Today we have units operating from shore infrastructure that is over 100 years old, like Station Rockland, Maine, which was built in 1881. Maintaining this aging shore infrastructure is a demanding task. It requires consistent funding that our current budgetary topline does not allow. We must invest in new construction, particularly in critical locations such as Seattle and Charleston, as we build out homeports for new cutters.<sup>8</sup>

As the Coast Guard invests in more modern cutters, it must also invest in its infrastructure and facilities to operate those cutters, as well as make up for backlogs.

## Recommendations for the Coast Guard and Congress

To meet its missions around the world, the Coast Guard should:

- **Fully address the Government Accountability Office’s (GAO’s) six recommendations to better manage shore infrastructure investment.** In 2019, the GAO identified problems with how the Coast Guard prioritizes infrastructure investment, finding that it was not identifying the infrastructure that is most important to critical missions for investment among other issues, and was underestimating maintenance backlogs.<sup>9</sup> While progress has been made since 2019, four of the six recommendations remain insufficiently addressed.<sup>10</sup> More congressional investment in infrastructure must be accompanied with better management to ensure the Coast Guard is serving as a good steward of taxpayer funding.
- **Increase transparency on fleet requirements by releasing a version of the most recent fleet-mix analysis to the public.** Admiral Fagan mentioned this new fleet mix analysis in her recent testimony, but the numbers of required ships and reasoning behind them have not yet been released to the public. The Coast Guard should release a version of its most recent analysis to increase transparency of its requirements.

To improve Coast Guard readiness, Congress should:

- **Fund the Coast Guard’s request for \$400 million to acquire four additional Fast Response Cutters,** as these ships will add needed capability and capacity to the fleet in the Indo–Pacific. The Fast Response Cutters are replacing the Coast Guard’s retiring Island

Class Patrol Boats, and are designed to operate in coastal zones, where they are often used for interdicting narcotics and combating illegal fishing.<sup>11</sup> These ships are much more capable than the patrol boats they are replacing, with better range and more sophisticated systems that make it easier to identify potential targets and maintain greater maritime situational awareness. The Coast Guard currently plans to acquire a total of 65, and 50 have been delivered of which 48 are operational.<sup>12</sup> The Fast Response Cutter program is one of the more successful acquisition programs in the federal government, and Congress can capitalize on a successful production line to quickly increase Coast Guard capacity. These ships, built in Lockport, Louisiana, by Bollinger Shipyards, would assist with the Coast Guard engagements with partners in the Indo-Pacific region to help to support maritime governance and combat illegal fishing.<sup>13</sup> This is an important element of America's great-power competition with China.

- **Fund the Coast Guard's request for \$323 million for upgrading its Major Acquisition Systems Infrastructure (MASI)**, which includes infrastructure, such as piers and wharfs, needed to accommodate the new cutters that the Coast Guard is acquiring, such as the Polar Security Cutter and the Offshore Patrol Cutter. The MASI section includes \$130 million for waterfront improvements in Seattle to accommodate the future Polar Security Cutters, which would cover the dredging and improvements to the piers and wharfs needed to accommodate the new ships.<sup>14</sup> The section also includes funding for \$100 million for pier construction at Newport, Rhode Island, for the Offshore Patrol Cutter homeport, as well as other projects, such as shoreside facility upgrades in Astoria, Oregon, for the Fast Response Cutter and upgrades in Honolulu for the National Security Cutter. The Coast Guard has been involved in a large fleet recapitalization effort for years, and the infrastructure for these new vessels cannot be ignored if it is to operate effectively. More investment will help the Coast Guard to improve its readiness and help the service to use its resources more efficiently.
- **Fund the Coast Guard's request for \$195.3 million to address facility deficiencies.** One of the most important items on this list is \$60 million in investment for the public shipyard upgrade in Baltimore, Maryland, which includes upgrades to the facility that would enable it to conduct repairs and service-life extensions for large Coast

Guard cutters. The Baltimore yard is the service's only shipbuilding and repair facility. The upgrades include dredging, demolition, and waterfront structural improvements, with the later goal of adding a floating dry dock that could accommodate the cutters of the future Coast Guard fleet.<sup>15</sup> Other items include \$35 million in upgrades for a 50-year-old facility in Sault Ste. Marie, Michigan, that would address important safety, space, and security deficiencies, and \$40.7 million that would be used to upgrade the facilities in Station Rockland, Maine, where the waterfront was constructed in 1881 and is well past its service life and fundamentally unsafe. Maintaining this outdated infrastructure is costly and even harms retention of personnel, a key issue for all services right now, as the deteriorating facilities reflect a general lack of investment in the service.

## Conclusion

Congress should make a point to prioritize the \$918.3 million worth of items related to cutter acquisition and shore infrastructure improvements in the Coast Guard's fiscal year 2024 Unfunded Priorities List. The Coast Guard needs investment in its cutter fleet and shore infrastructure if it is to keep pace with its growing mission demands in this new era of great-power competition with China. Commandant Fagan has mentioned that the service has never been in higher demand around the world. In order to meet that demand, the Coast Guard will need to be present in key areas where drug trafficking and illegal fishing are rampant, and it must have enough cutters to deploy to work with partners and allies to build their capacity to better protect their waters. Providing the additional funds necessary to build up its fleet and improve its facilities will be a step in the right direction for the service. The \$918.3 million in additional funding highlighted here would help to address some critical needs for the Coast Guard. This investment would provide taxpayers with a big return in protecting America's interests at sea, especially from an aggressive China that is degrading good maritime governance and undermining American fishermen with illegally caught fish in the market.

**James Di Pane** is a Policy Analyst for Defense Policy in the Center for National Defense at The Heritage Foundation.

## Endnotes

1. U.S. Coast Guard, "U.S. Coast Guard Fact Sheet: Fiscal Year 2024 President's Budget," March 13, 2023, [https://www.uscg.mil/Portals/0/documents/budget/2024/FY2024\\_Budget\\_Fact\\_Sheet.pdf](https://www.uscg.mil/Portals/0/documents/budget/2024/FY2024_Budget_Fact_Sheet.pdf) (accessed April 27, 2023).
2. U.S. Coast Guard, "FY 2024 Unfunded Priorities List," *Report to Congress*, March 13, 2023, [https://www.uscg.mil/Portals/0/documents/budget/2024/Unfunded\\_Priorities\\_List\\_FY2024.pdf](https://www.uscg.mil/Portals/0/documents/budget/2024/Unfunded_Priorities_List_FY2024.pdf) (accessed April 28, 2023).
3. Megan Eckstein, "Coast Guard Wants \$1.6 Billion Extra to Hasten Modernization Projects," *Defense News*, March 27, 2023, <https://www.defensenews.com/naval/2023/03/27/coast-guard-wants-16-billion-extra-to-hasten-modernization-projects/> (accessed April 27, 2023).
4. Admiral Linda Fagan, "Budget Hearing—Fiscal Year 2024 Request for the U.S. Coast Guard," testimony before the Before the House Appropriations Subcommittee on Homeland Security, April 19, 2023, <https://appropriations.house.gov/legislation/hearings/budget-hearing-fiscal-year-2024-request-us-coast-guard> (accessed April 27, 2023).
5. The Heritage Foundation, "Budget Blueprint for Fiscal Year 2023," <https://www.heritage.org/budget/> (accessed April 27, 2023).
6. Ronald O'Rourke, "Coast Guard Cutter Procurement: Background and Issues for Congress," Congressional Resource Service, April 24, 2023, <https://sgp.fas.org/crs/weapons/R42567.pdf> (accessed April 27, 2023).
7. Fagan, "Budget Hearing—Fiscal Year 2024 Request for the U.S. Coast Guard."
8. Admiral Linda Fagan, "2023 State of the U.S. Coast Guard," U.S. Coast Guard, March 7, 2023, speech, <https://www.uscg.mil/Portals/0/State-of-the-Coast-Guard-2023.pdf> (accessed May 17, 2023).
9. U.S. Government Accountability Office, "Coast Guard: Actions Needed to Better Manage Shore Infrastructure," statement of Heather MacLeod, Acting Director of Homeland Security and Justice, testimony before the House Subcommittee on Coast Guard and Maritime Transportation of the Committee on Transportation and Infrastructure, November 16, 2021, <https://www.gao.gov/assets/gao-22-105513.pdf> (accessed May 17, 2023).
10. U.S. Government Accountability Office, "Coast Guard Shore Infrastructure: Applying Leading Practices Could Help Better Manage Project Backlogs of at Least \$2.6 Billion," February 21, 2019, <https://www.gao.gov/products/gao-19-82> (accessed May 17, 2023).
11. U.S. Coast Guard, "Fast Response Cutter," <https://www.dcms.uscg.mil/Our-Organization/Assistant-Commandant-for-Acquisitions-CG-9/Programs/Surface-Programs/Fast-Response-Cutters/> (accessed April 27, 2023).
12. News release, "Coast Guard Exercises Contract Option to Build One Fast Response Cutter," U.S. Coast Guard, August 12, 2022, <https://www.dcms.uscg.mil/Our-Organization/Assistant-Commandant-for-Acquisitions-CG-9/Newsroom/Latest-Acquisition-News/Article/3126484/coast-guard-exercises-contract-option-to-build-one-fast-response-cutter/#:~:text=The%20FRC%20built%20under%20this,an%20endurance%20of%20five%20days> (accessed April 28, 2023).
13. Fagan, "Budget Hearing—Fiscal Year 2024 Request for the U.S. Coast Guard."
14. U.S. Coast Guard, "FY 2024 Unfunded Priorities List."
15. *Ibid.*